



**Written Testimony
In Opposition to**

SB 35, AN ACT CONCERNING Notice of Acquisitions, Joint Ventures and Affiliations of Group Medical Practices

Committee on Public Health

March 5, 2014

Senator Gerratana, Representative Johnson and members of the Public Health Committee, on behalf of the more than 250 orthopaedic surgeons of the Connecticut Orthopaedic Society, thank you for the opportunity to submit written testimony in opposition to SB 35, **AN ACT CONCERNING Notice of Acquisitions, Joint Ventures and Affiliations of Group Medical Practices.**

The healthcare delivery system is going through substantial changes. At this very moment physicians are dealing with a broad array of mandates from government and payers to transform the practice of medicine. This includes payment reform in its many forms, adoption of complicated and expensive electronic medical records, the collection and reporting of patient outcomes data, and a complete and expensive overhaul of disease and injury coding, all while serving our current patients and potentially serving many more as the Affordable Care Act is implemented. For many large physician group practices, while these demands are expensive and complex, they are manageable. For many physicians in small group and solo practice the ability to engage in payment reform initiatives while wading through the ever-increasing list of mandates, is in many cases extremely daunting.

For many physicians, merging with other small and large physician groups is one method for effectively addressing these sweeping changes in medicine. This legitimate business option allows for shared expenses, financial risk, and core competencies with the goal to meet the expectations of external stakeholders while serving our patients and enjoying the intrinsic rewards of our profession. While the mission of medical practices is to serve patients, there is a necessary business component to medical practice that allows that mission to continue and grow while serving patients in an efficient and cost-effective manner. The decision to merge medical practices is really the merger of small businesses that

in many cases support dozens, if not hundreds of employees, provide medical coverage and retirement benefits to those employees, pay taxes, and like other business may have strategic considerations that should not be under the *routine* scrutiny of the government, and should only garner appropriate scrutiny if a clear violation of the public interest is encountered or alleged.

SB 35 clearly singles out the business of medical practice with yet another regulatory burden not applicable to most business entities in the state; in this case pre-announcing strategic business decisions before they are consummated, along with potentially costly market analysis in every case of a proposed merger, even when the vast majority of proposed mergers would in no reasonable assessment suggest market concentration or power contrary to the public interest. It is the position of the COS that mechanisms already exist in state and federal law to address unreasonable concentration of market power, and we are unaware of any crisis in this area in the medical marketplace that would justify this dramatic step towards the regulation of private medical practice.

The COS respectfully feels that clarification needs to be provided as to the nature and magnitude of the risk to public interest addressed by this bill, the criteria by which the required data will be evaluated, the penalties associated with alleged non-compliance, as well as an assessment of the cost of the required market analyses on small physician businesses, as well the cost of lost efficiencies and diminished market power of physicians whose legitimate business interests will be potentially stymied by this proposed legislation.

Thank you for your time and consideration of the orthopaedic community's concerns regarding SB 35, and the Connecticut Orthopaedic Society strongly urges the Committee to oppose this legislation by voting no. Such a vote will support small business owners in every community in Connecticut and patients will benefit from a dynamic medical marketplace that allows physicians to freely associate and collaborate in an effort to effectively meet the already significant mandates and changes facing medical practice.

Submitted by:

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